
APPENDIX A — GLOSSARY

A-87 (OMB CIRCULAR)

Cost Principles for State, Local and Indian Tribal Governments (August 1997)

A-102 (OMB CIRCULAR)

Uniform Administrative Requirements for Grants and Agreements with State and Local Governments (“Common Rule”) (August 1997)

A-133 (OMB CIRCULAR)

Audits of States, Local Governments, and Nonprofit Institutions (June 1997)

ACQUISITION COST

For federal grants acquisition cost of an item of purchased equipment means the net invoice unit price of the property, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. (See definition for Equipment in this Glossary.)

ADMINISTRATIVE COSTS

Costs of administration are those reasonable, necessary and allowable costs associated with the overall project management and administration and which are not directly related to the provision of services to participants. These costs can be both personnel and non-personnel and both direct and indirect. Generally, direct administration costs differ from indirect charges in that the latter are considered organization-wide costs. Examples of administration are salaries, benefits, and other expenses of staff who perform the following functions:

- Overall project management, project coordination, and office management functions;
- Preparing project plans, budgets, and related amendments;
- Monitoring of projects, and related systems and processes;
- Developing systems and procedures, including management information systems, for assuring compliance with project requirements;
- Preparing reports and other documents related to the project requirements;
- Evaluating project results against stated objectives; and
- Performing administrative services such as project specific accounting, auditing or legal activities.

Examples of non-labor costs for administration include:

- Costs for goods and services required for administration of the project, including such goods and services as the rental or purchase of equipment, utilities, offices supplies, postage, and rental and maintenance of office space; and
- Travel costs incurred for official business in carrying out administrative activities.

ADMINISTRATIVE REQUIREMENTS

Matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from “programmatic requirements,”

which are restrictions applied on a program-by-program basis, such as kinds of activities allowable under a grant (34 CFR Part 80).

ADMINISTRATIVE RULES OF MONTANA (ARM)

A loose-leaf compilation of all rules of state departments and attached boards. The Montana Legislature enacted the Montana Administrative Procedure Act; the primary purpose of the act is to make the rules of state agencies readily available to the public and to make them available in a convenient, current and concise form. To implement this purpose, the Secretary of State compiles and publishes all rules filed pursuant to the act in a publication known as the Administrative Rules of Montana, commonly known as ARM. Each state agency is responsible for preparing its portion of the rules in accordance with the prescribed format.

ADVANCE

Payment of all or a portion of a federal award before the grant expenditures have been incurred. Advances are the opposite of reimbursements, wherein costs incurred by a sub-grantee are later paid back by the grantee.

ALLOCATION

In regard to federal programs, the amount of money an entity will be given under a federal grant award.

ALLOWABLE COST

A cost which is appropriately charged to a federal program. To be allowable, a cost must be necessary and reasonable, be allocable (i.e., chargeable in relation to service given) under the federal award, be authorized or not prohibited by state or local laws, conform to OMB Circular A-87, be consistently treated as are other costs of the entity, be treated in accordance with generally accepted accounting principles, not be used for matching in another program, be net of applicable credits and be properly documented.

APPLICANT

A party requesting a grant or sub-grant.

APPLICATION

A written request for a grant or sub-grant.

AUDIT FINDING

Deficiencies reported by the auditor in the audit report's schedule of audit findings and questioned costs.

AUDIT RESOLUTION

Corrective action taken by a sub-grantee and verified by the grantee in response to a finding of noncompliance or questioned cost listed in a sub-grantee's audit report.

AUTHORIZED REPRESENTATIVE (AR)

An agent designated by the Board of Trustees to act on its behalf to make certifications and applications to the OPI on behalf of a school district or other education entity. A person who legally acts on behalf of the subrecipient of federal and state grants. In Montana schools, the AR is usually the District Superintendent or Cooperative Director.

AVERAGE NUMBER BELONGING (ANB)

An enrollment number used to establish state funding levels for Montana school districts. The ANB is based on the average of two semi-annual enrollment counts, adjusted for kindergartners and other part-time students.

AVERAGE DAILY ATTENDANCE (ADA)

Average number of enrolled students who were present on the enrollment count dates used to establish ANB for funding.

AWARD (FEDERAL)

Federal financial assistance that nonfederal agencies receive directly from federal agencies or indirectly from pass-through entities. Does not include moneys used for procurement of goods and services under contracts.

AWARDING AGENCY

With respect to a federal grant, the federal agency; with respect to a sub-grant, the party making the sub-grant.

BOARD OF PUBLIC EDUCATION (BPE)

The State Board of Public Education is responsible for establishing and maintaining standards of all public schools in Montana. There are seven members on the BPE and the governor appoints the members.

BUDGET PERIOD

The award period. The budget period for the OPI-administered grants is usually July 1 to June 30, or July 1 to September 30. An extension may be approved for projects ending June 30.

CASH MANAGEMENT

Reasonable procedures which must be established for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursements by grantees and sub-grantees.

CAPITAL EXPENDITURE

Cost of a fixed asset, including costs of placing the asset in a condition of usefulness. Includes delivery charges, modifications, attachments and accessories which are needed to make an asset useable for the intended purpose. Federal programs require assets having a unit price of \$5000 or more to be considered a capital expenditure.

CAREER AND TECHNICAL EDUCATION

Career and Technical Education is also referred to as State Secondary Vocational Education and Carl Perkins Vocational Technical Education.

CARRYOVER

Unexpended funds from an award may, within statutory limits, be “carried over” and added to the project allocation of the following year.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE

Federal publication listing Catalog of Federal Domestic Assistance (CFDA) number of each federal assistance program.

CFDA NUMBER

The number assigned to a federal program in the Catalog of Federal Domestic Assistance. Number is in this format: XX.XXX

CODE OF FEDERAL REGULATIONS (CFR)

The Code of Federal Regulations is published periodically by the Director of Federal Regulations. This publication has general applicability and legal affect and contains rules issued by federal agencies to implement federal statutes and government-wide directives from the President (Executive Orders), the Office of Management and Budget and the Treasury Department.

COGNIZANT AGENCY

Federal agency assignee by the U.S. Office of Management and Budget to carry out responsibilities to assure that audits of federal assistance are made as required by OMB Circular A-133.

COMMON ASSURANCES

The legislated requirements, common across several programs, that agencies must abide by as conditions for receipt of funds.

COMMINGLING

Depositing funds in a general account without the ability to identify each specific source of funds used for an expenditure. Commingling of federal funds is generally not allowed.

COMPETITIVE GRANT (may also be called “DISCRETIONARY GRANT”)

A grant award not based on a formula or legislative mandate and requiring approval by the OPI.

COMPLIANCE SUPPLEMENT

Guidance for auditing federal program requirements, published by the U.S. Government. Specific program requirements are addressed.

CONSORTIUM

A group of local education agencies (nonpublic LEAs may be included) or educational service agencies that group together in order to establish, operate or improve local education or prevention programs. A consortium must be represented by a “prime applicant district” (which must be a public school legal entity).

COOPERATIVE

Two or more schools which join together, in accordance with 20-7-451 through 20-7-457, MCA, for the purpose of performing any or all education administration services, activities and undertakings that the school district entering into the contract is authorized to perform by law. In accordance with ARM 10.16.2209(1)(a), no more than 23 special education cooperatives may be established.

CORRECTIVE ACTION

Action taken by the audited entity that: 1) corrects identified deficiencies; 2) produces recommended improvements; or 3) demonstrates that audit findings are either invalid or do not warrant auditee action.

COST ALLOCATION PLAN

Documentation of identifying, accumulating and distributing allowable costs under grants together with the allocation method used.

COST PRINCIPLES

General policies for allowability of costs charged to federal programs are specified in OMB Circular A-87 for federal programs administered by OPI.

DEBARMENT

Action taken by a debarring official to exclude a person from participating in a covered transaction (34 CFR part 80).

DIRECT COST

Cost identifiable to a particular program, and charged to a particular state or federal program award. Direct costs are the opposite of indirect costs.

DISALLOWED COST

A charge to a grant which the program determines is not allowable, in accordance with applicable federal cost principles or conditions of the award. Typically, the federal program will not pay for the disallowed charges, so the charges must be supported by the recipient using other nonfederal sources.

ED

The U.S. Department of Education

EDGAR

Education Department General Administrative Regulations

ENCUMBRANCES

Obligations for goods ordered but not yet received as of June 30 or the end of the project period.

EQUIPMENT

For federal grants, tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. (See definition of Acquisition Cost in this Glossary.)

ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)

Elementary and Secondary Education Act of 1965, as amended in the Improving America's Schools Act 1994 and reauthorized under the No Child Left Behind Act of 2001. ESEA provides targeted resources to help insure that disadvantaged students have access to a quality public education.

EXCESS COSTS

Under the Individuals with Disabilities Education Act (IDEA) 34 CFR 300.184, excess cost is defined as: "those costs that are in excess of the average annual per student expenditure in an LEA during the preceding school year for an elementary or secondary school student, as may be appropriate..." Calculation of excess costs and general requirements can be found under 34 CFR 100.184 and 34 CFR 300.185.

FEDERAL FINANCIAL ASSISTANCE

Assistance provided by a federal agency in the form of grants, loans, cooperative agreements, contracts, loan guarantees, property. It includes awards received directly from the federal agency or indirectly through other units of state and local governments (34 CFR appendix to part 80).

FISCAL YEAR

The state fiscal year is July 1 through June 30. The federal fiscal year is October 1 to September 30.

GENERALLY ACCEPTED AUDITING STANDARDS

Standards for Audits of Government Organizations, Programs, Activities and Functions (34 CFR appendix to part 80).

GEPA

General Education Provisions Act (34 CFR 77)

GRANTEE

The entity that a grant is awarded and that is accountable for the use of funds provided. The grantee is the entire legal entity, even if only a particular component of the entity is designated in the award document (34 CFR 80).

GRANT PERIOD

The project or award period. Depending on the type of grant, the grant period for most OPI-administered grants is July 1 to June 30 or July 1 to September 30, unless an extension is approved.

INDIRECT COST

A cost which is incurred for a common or joint purpose benefiting more than one cost objective, which is not readily assignable to a specific program being benefited. Indirect costs are charged to various programs and “pooled.”

INDIRECT COST RATE

Percentage approved for recovery from federal programs. The rate for a school district must be approved annually by the OPI. The rate may be charged to approved federal programs by multiplying direct charges by the approved rate. Some programs restrict the rate used in that particular program, which may be lower than the rate approved by the OPI.

INDIRECT COST RECOVERY

The amount allowed to be charged to a federal grant based on application of an approved indirect cost rate.

INTERNAL CONTROLS

Processes, established by management and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives:

1. Transactions are properly recorded and accounted for to
 - a. Permit the preparation of reliable financial statements and federal reports;
 - b. Maintain accountability over assets;
 - c. Demonstrate compliance with laws, regulations, and other compliance requirements.

2. Transactions are executed in compliance with
 - a. Laws, regulations and the provisions of contracts or grant agreements;
 - b. Any other laws and regulations that are identified in the compliance supplement;
and
3. Funds, property and other assets are safeguarded against loss from unauthorized use or disposition.

JOURNAL VOUCHER (JV)

A transaction made to correct or adjust a previous transaction. When a JV involves more than one fund, the clerk must notify the county treasurer of the adjustment.

LOCAL EDUCATION AGENCY (LEA)

Local education agency (LEA) includes: a) public school districts; b) any other public institution which administers a public elementary or secondary school; and c) as used in 34 CFR 400, 408, 525, 526, and 527 (Vocational Education Programs), any public institution or agency that has administrative control and direction of a vocational education program (34 CFR Part 77).

LOCAL INNOVATIVE PROGRAM (LIP)

Title V projects must allocate percentages of funds among LIPs.

LOCAL GOVERNMENT

A community, municipality, city, town, township, local public authority (including any public and Indian housing agency under the U.S. Housing Act of 1937), a school district, special district, council of governments, or any other regional or interstate government, or any agency or instrumentality of a local government (34 CFR 80).

MAINTENANCE OF EFFORT (MOE)

For ESEA title programs “Maintenance of Effort” (or “maintenance of fiscal effort”) is required by several grant programs. The purpose of a maintenance of effort requirement is to ensure the recipient of federal funds does not spend those funds in place of local dollars. Maintenance of Effort ensures a recipient spends local dollars for the same activities that would be provided if federal dollars were not available. Thus, federal programs supplement the normal activities of the entity and do not replace, or supplant, their normal activities.

MAJOR PROGRAM

Federal program determined by the auditor to be a major program in accordance with OMB Circular A-133. For entities with total federal assistance between \$100,000 and \$1 M, any program for which the entity spent \$300,000 or more in a year or 3 percent of total federal program expenditures (34 CFR, attachment to appendix of Part 80).

MANAGEMENT DECISION

Evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

MATCHING

The value of contributions by the entity to support a portion of the project. Many federal programs require a local match.

MONTANA CODES ANNOTATED (MCA)

The MCA is a compilation of existing general and permanent Montana laws, including the statutory text and history. The Code is arranged topically.

NO CHILD LEFT BEHIND ACT (NCLB) of 2001

Public Law 107-110, reauthorized the Elementary and Secondary Act (ESEA) of 1965

The purpose of the Act is to close the achievement gap with accountability, flexibility and choice so that no child is left behind. The NCLB can be found at: <http://www.ed.gov/legislation/ESEA02/>

NONPROFIT

As applied to an agency, organization, or institution, means it is owned and operated by one or more corporations or associations whose net earnings do not benefit, and cannot legally benefit, any private shareholder or entity (34 CFR 77).

NONPUBLIC

As applied to an agency, organization, or institution, means it is nonprofit and is not under federal or public supervision or control (34 CFR 77).

OBLIGATION

Orders placed, contracts awarded, and goods and services received but not paid for by June 30 or the end of the project period.

OFFICE OF PUBLIC INSTRUCTION (OPI)

The Office of Public Instruction (OPI) provides services to Montana school-age children and to teachers in approximately 500 school districts. The agency provides technical assistance in planning, accreditation, school curriculum, school finance, and school law. The agency also administers a number of federally funded programs and provides a variety of information services.

OPI staff members provide assistance to the Superintendent of Public Instruction in performing prescribed duties. Staff responsibilities include: 1) support for the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) the distribution and accounting of state and federal funds provided to school districts; 3) operational support to OPI; and 4) assistance and information to school districts.

OMB

The U.S. Office of Management and Budget (OMB)

OUTLAY

Cost charged to a federal program.

PASS-THROUGH ENTITY

Nonfederal entity which provides a federal award to a sub-recipient.

PRE-AWARD COST

Costs incurred prior to the effective date of the federal sub-grant award after receiving written approval from the OPI. Pre-award costs are only allowable if the OPI determines the immediate expenditures are necessary to fulfill the required service or activity under the grant.

PRIME APPLICANT

The prime applicant is the school district that files an application for a grant, receives and manages program funds and ensures funds are audited in accordance with federal requirements.

PRIOR APPROVAL

Documentation evidencing consent prior to incurring specific costs.

PRIVATE

As applied to an agency, organization, or institution, means that it is not under federal or public supervision or control.

PROJECT NUMBER

Number assigned by the OPI to identify a specific state or federal grant project that has been awarded to a legal entity. Number identifies county, legal entity, money type, state fiscal year, and up to five unique identifying numbers or letters that may be used to identify a program.

PROJECT REPORTER CODE

Three (3) digit code assigned by the district and used to identify the revenue and expenditures of a certain grant project. Each project having a unique project number is separately accounted for using a unique project reporter code.

PROGRAM INCOME

Income generated by a grant-supported activity, or earned as the result of a grant agreement during the grant period. Includes fees for services performed, sale of commodities or use/rental of real or personal property acquired with grant funds. Does not include interest earned on grant funds, rebates, discounts, refunds, etc.

QUESTIONED COST

Cost questioned by an auditor because an audit finding indicates: 1) a possible violation of a law, regulation, contract, grant, or other agreement covering use of federal funds, including use of nonfederal funds used to match federal funds; 2) costs which were not supported by adequate documentation at the time of audit; or 3) costs incurred seem unreasonable to charge to the grant.

REAP-Flex

See Appendix G.

REALLOCATED (TITLE I)

Districts may apply to the Title I program at the OPI to receive additional funds when the district can demonstrate an extremely high need based on free and reduced lunch figures. The funds are limited and the available amount varies from year to year.

RECIPIENT

An entity eligible to receive federal grants to carry out the intent of federal assistance programs.

REIMBURSEMENT

Payment received by a sub-grantee for work or services performed or other allowable expenditures already incurred for a grant project.

REQUISITIONS

Formal documentation of purchases requested by staff.

REVENUE

Income from federal, state or local sources. Federal grant money is generally recorded as revenue in the year it is spent.

SCHOOL-WIDE PROGRAM

A school-wide program is a strategy for implementing comprehensive school change. A school-wide program permits a high poverty school (40% or more) to use funds from Title I, Part A and other Federal education program funds and resources with local and state resources to upgrade the entire educational program of the school in order to raise academic achievement for all the students. Research has shown that for lowest achieving students in highest poverty schools to meet high standards of performance, their entire instructional program, not just a separate Title I program (or other program), must be substantially improved. Visit the OPI Web site for the Title I School-Wide Planning Resources by scrolling down to Title I, Part A on the Programs and Services menu. Look for school-wide resources in the yellow box on the right-hand side of the page.

STATE EDUCATION AGENCY (SEA)

State education agency (SEA), such as the OPI.

SINGLE AUDIT

Audit in accordance with OMB Circular A-133 that covers both the entity's financial statements and the federal awards.

SUB-GRANT

Award of money or property made under a grant by a grantee to an eligible sub-grantee. Does not include vendor payments.

SUB-GRANTEE

The government or other legal entity to which a sub-grant is awarded. A sub-grantee is accountable to the grantee for use of the funds provided under a sub-grant.

SUBRECIPIENT

A government, agency or other organization which receives federal financial assistance under a grant award through a state or local government. Does not include an individual who is a beneficiary of the program.

TERMS OF A GRANT OR SUB-GRANT

All requirements of a grant or sub-grant, whether in statute, regulations or the award document.

THIRD PARTY IN-KIND CONTRIBUTIONS

Property or services which benefit a federally supported project or program and which are contributed by non-federal third parties without charge to the grantee.

TRANSFERABILITY OF FUNDS

ESEA Title VI, Part A, Subpart 2, provides a district the flexibility to transfer a portion of its formula grant allocations for certain federal ESEA programs to supplement its formula grant allocation under certain other federal ESEA grant programs. An LEA can only transfer funds within its administrative unit and between programs in which the LEA participates. The OPI must be notified of the transfer 30 days before the transfer and must notify the OPI of program changes within 30 days of the transfer.

UNLIQUIDATED OBLIGATIONS

Amount of obligations incurred which have not yet been paid.

UNEXPENDED FUNDS

Amounts of award which are not obligated by the end of the project period. Unexpended funds must be refunded to the OPI at the end of the project period.

UNOBLIGATED BALANCE

The portion of the award which has not been obligated by the grantee or sub-grantee. Determined by subtracting the cumulative obligations from the funds authorized by the award.

UNITED STATES CODE (U.S.C.)

United States Code, federal law.

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